

# HOW SMALL BUSINESSES ARE SUPPORTING AMERICA'S ENERGY RENAISSANCE

---

## FIELD HEARING

BEFORE THE

## COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP UNITED STATES SENATE

ONE HUNDRED FOURTEENTH CONGRESS

FIRST SESSION

MARCH 2, 2015

Printed for the Committee on Small Business and Entrepreneurship



Available via the World Wide Web: <http://www.fdsys.gov>

U.S. GOVERNMENT PUBLISHING OFFICE

20-055 PDF

WASHINGTON : 2016

---

For sale by the Superintendent of Documents, U.S. Government Publishing Office  
Internet: [bookstore.gpo.gov](http://bookstore.gpo.gov) Phone: toll free (866) 512-1800; DC area (202) 512-1800  
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP  
ONE HUNDRED FOURTEENTH CONGRESS

---

DAVID VITTER, Louisiana, *Chairman*  
BENJAMIN L. CARDIN, Maryland, *Ranking Member*

JAMES E. RISCH, Idaho	MARIA CANTWELL, Washington
MARCO RUBIO, Florida	JEANNE SHAHEEN, New Hampshire
RAND PAUL, Kentucky	HEIDI HEITKAMP, North Dakota
TIM SCOTT, South Carolina	EDWARD J. MARKEY, Massachusetts
DEB FISCHER, Nebraska	CORY A. BOOKER, New Jersey
CORY GARDNER, Colorado	CHRISTOPHER A. COONS, Delaware
JONI ERNST, Iowa	MAZIE K. HIRONO, Hawaii
KELLY AYOTTE, New Hampshire	GARY C. PETERS, Michigan
MICHAEL B. ENZI, Wyoming	

ZAK BAIG, *Republican Staff Director*  
ANN JACOBS, *Democratic Staff Director*

# C O N T E N T S

## OPENING STATEMENTS

	Page
Vitter, Hon. David, Chairman, and a U.S. Senator from Louisiana .....	1

## WITNESSES

Joey Jarreau, Owner, Southside Machine Works, Lake Charles, LA .....	10
Bryan Galley, Owner, Bryan Galley Builders, Inc., Lake Charles, LA .....	14
Neil Aspinwall, Chancellor, SOWELA Technical College, Lake Charles, LA .....	20
Patricia Outtrim, Vice President, Governmental and Regulatory Affairs, Cheniere Energy, Inc., Houston, TX .....	24

## ALPHABETICAL LISTING AND APPENDIX MATERIAL SUBMITTED

Aspinwall, Neil	
Testimony .....	20
Prepared statement .....	22
Galley, Bryan	
Testimony .....	14
Prepared statement .....	17
Jarreau, Joey	
Testimony .....	10
Prepared statement .....	12
Outtrim, Patricia	
Testimony .....	24
Prepared statement .....	27
Vitter, Hon. David	
Opening statement .....	1
Prepared statement .....	4



## **HOW SMALL BUSINESSES ARE SUPPORTING AMERICA'S ENERGY RENAISSANCE**

**MONDAY, MARCH 2, 2015**

UNITED STATES SENATE,  
COMMITTEE ON SMALL BUSINESS  
AND ENTREPRENEURSHIP,  
*Lake Charles, LA.*

The Committee met, pursuant to notice, at 12:30 p.m., in Police Jury Meeting Room, Calcasieu Parish Police Jury, 1015 Pithon Street, Hon. David Vitter, Chairman of the Committee, presiding.  
Present: Senator Vitter.

### **OPENING STATEMENT OF HON. DAVID VITTER, CHAIRMAN, AND A U.S. SENATOR FROM LOUISIANA**

Chairman VITTER. Good afternoon, everybody, and welcome. I'm really glad you could be here.

I'm Senator David Vitter, Chair of the Senate Small Business Committee. As the new chair of that committee, one of the first things I wanted to do was bring the committee to Louisiana and bring it to the real world, not just in Washington. So that's what today is about, reaching out to all of you. Also, we have four expert witnesses from here in Louisiana talking about energy jobs and everything those mean to our economy.

I was going to be joined here by Congressman Charles Boustany. Charles and I work really well together, particularly on this issue of energy jobs. Unfortunately, he's stuck traveling. He was in Salt Lake City this weekend and got backed up in terms of traveling back. He sends his apologies. He's not going to be able to make it.

Let me explain how the program is going to work. This is a Small Business Committee field hearing on energy jobs. I'll make some opening comments about our main topic, energy jobs, here today. Then we'll hear from our four witnesses who are going to talk about how small businesses are supporting America's energy renaissance, particularly here in Louisiana. They will each testify and make comments for about 5 minutes each, and then we'll have an exchange with follow-up, comments, questions, discussion between me and all of them. So that's how the program will work.

Again, thank you for being here and part of it.

Let me start off, as I suggested, with some opening comments.

As I said, this is a field hearing of the Senate Small Business Committee. As I took over the chairmanship of that committee in this Congress, the first thing I wanted to do was bring the committee to the real world, including Louisiana. So we're here to hear

from all of you and also to talk about how small businesses are supporting America's energy renaissance.

We're going to focus on just that. There's a lot going on in Southwest Louisiana in particular as a result of capital investments being made in the region. And we're also going to try to identify ways that small businesses are contributing and capitalizing on these developments.

You know, throughout a really slow economic recovery since the Great Recession, one strong point of all of the recovery has been energy jobs, oil and gas jobs and related jobs. It's estimated that nearly 1 million Americans work directly in the oil and gas industry. A total of 10 million jobs are associated in that industry.

And were it not for those jobs, all about American energy, we'd still be in a technical recession now as a nation. So if you back that out of the picture, we'd still be in a recession.

Of course, here in Louisiana, we're a big player in all of that, and that's all to the good. It's estimated that Louisiana will receive roughly \$80 billion in new and expanding development in the next few years. Our witnesses in a little bit will talk about some of that great economic activity. With that comes really good-paying jobs and opportunities stimulating our economy and quality of life.

Right now, our workforce is about 2.3 million working adults. Over 1 million of these do not have a college degree or post-secondary credential. Another 600,000 don't have a high school diploma. So part of our challenge in taking advantage of this growth is getting people trained up, Louisianans trained up to directly participate in this economic growth.

Beyond the workforce challenges, I'm concerned about an overzealous Federal Government regulatory environment, particularly EPA. That's the biggest thing that could put the brakes on a lot of this positive activity, if EPA continues to overshoot the mark in terms of overly zealous regulation in some of their new regulations and standards that could shut down some of this activity.

Fundamentally, what businesses need to thrive is a strong, restrained regulatory system that doesn't impede growth, and certainly that's what I aim to support at the Federal level while I'm still there.

We have four great witnesses to talk about our topic, how small businesses are supporting America's energy renaissance. I'm going to introduce them in a few minutes when we get to their testimony.

Now to our witnesses and the official Small Business Committee field hearing.

We have four great witnesses who are going to talk about our topic today, how small businesses are supporting America's energy renaissance. And during the program, if possible, we're going to have our slides rotate. We're going to have some slides that are relevant to this topic rotate on the two screens behind me in just a minute.

Let me introduce our four witnesses, and then they'll each speak in the order I've introduced them.

First, Joey Jarreau is the owner of Southside Machine Works. That was established in 1978 to service local industries on the Gulf Coast. It specializes in industrial machinery, welding, coated fabrication, metalizing, and more. Right now, because of the energy

activity in the area, Southside Machine Works in Lake Charles operates 24 hours a day, seven days a week. So, as busy as they can be.

Next will be Bryan Galley. He's the owner of Bryan Galley Builders, a small building and contracting business located in Lake Charles. He established this business in 1995 and has worked to build homes for families in Southwest Louisiana ever since.

Next we'll hear from Dr. Neil Aspinwall, who served as the Chancellor at Southwest Louisiana Technical Community College since 2012. During his 27 years in education, Neil has served in a wide variety of leadership roles, most recently as the Vice President of Enrollment and Student Services with the University System of Georgia at Waycross College. Dr. Aspinwall holds a Bachelor's degree in Education, a Master's and Specialist's degree in School Administration Supervision, and a Doctorate in Educational Administration.

And fourth and finally, but certainly not least, is Patricia Outtrim, Vice President of Governmental and Regulatory Affairs at Cheniere Energy. In this role, Patricia is responsible for all government and regulatory affairs while also overseeing the environmental, health and safety groups. She has over 26 years' experience in project management, including site selection, development, hazard risk assessment, and code compliance. Prior to joining Cheniere, she was President of Project Technical Liaison Associates and assisted in the site development permitting expansion or reauthorization of seven of the LNG import terminals currently operating in the U.S.

Thanks to all of you for being here today to offer your insight, and we'll go in the order that I introduced you all.

[The prepared statement of Chairman Vitter follows:]

**Senate Committee on Small Business and Entrepreneurship  
Field Hearing**

**"How Small Businesses are Supporting America's Energy  
Renaissance"**

**March, 02, 2015, 12:30PM CST**

**OPENING STATEMENT**

**Chairman Vitter**

- Good afternoon, and thank you for joining me for today's Senate Small Business Committee field hearing to discuss how Small Businesses are Supporting America's Energy Renaissance.
- I would also like to thank Congressman Charles Boustany for joining us.
- In my new role as Chairman of the Senate Committee on Small Business and Entrepreneurship, I will make every effort to help small businesses in finding a larger voice in Congress, and shape policies that will grow our energy industry, get rid of the government impediments to growth and reduce the tax burden on small businesses.
- Today's discussion will focus on the changes going on in southwest Louisiana as a result of the capital investments



being made in the region, as well as identifying the ways that small businesses are contributing and capitalizing on these developments.

- Throughout the abysmal economic recovery that has been confounded by federal policies, our domestic energy industry has continued to create jobs and new revenues, the majority of which can be attributed to small firms and contractors which make up the bulk of the U.S. energy production. It is estimated that nearly 1 million Americans work directly in the oil & gas industry, and a total of 10 million jobs are associated with that industry.
- In order to better coordinate the efforts that allow small businesses to support the U.S. energy industry and continue contributing to local economic growth; it is imperative that there is an open line of communication between these regional business leaders and the federal government.
- It's estimated that Louisiana will receive roughly \$80 billion in new and expanding development over the next few years. This growth will certainly impact Louisianians' quality of life as there will be more opportunities to get good-paying jobs and to further stimulate the economy. However, the economic growth in the region is not without its own set of challenges. At its current rate,

Louisiana can't meet the workforce demands of these expansions, which is a problem because it could put our state at risk of losing similar projects in the future.

- Right now, Louisiana's workforce consists of about 2.3 million working adults. Over one million of these individuals do not have a college degree or post-secondary credential, and an additional 600,000 have not obtained a high school diploma. As today's industries rely more heavily on technology, it is imperative that workers have the training and professional development necessary to meet industry needs.
- Beyond the workforce challenges are the regularity challenges being lofted upon our state by an overzealous federal government that neither understands nor appreciates the consequences of its actions. This is a direct result of President Obama's leadership and federal agencies such as the EPA.
- What businesses need to thrive is a strong, restrained regulatory system that doesn't impede their growth. A 2010 Small Business Administration study found that federal regulations cost American businesses \$1.75 trillion annually, which adversely affects the many small independent companies that make up the majority of the oil and natural gas industry. We need to ensure that our

regulatory environment does not interfere with the ability of these important businesses to grow and remain economically viable.

- In closing, I would also like to welcome and introduce our four witnesses who are all business leaders in the Southwest Louisiana community.

1. **Joey Jarreau** is the owner of Southside Machine Works.

Established in 1978 to service local industries on the Gulf Coast, Southside Machine Works specializes in industrial machinery, welding, coded fabrication, metalizing, and more. The Lake Charles facility operates 24 hours a day, seven days a week to serve local client's industrial machinery needs around the clock. Over the years, the business has expanded to service clients throughout the United States.

2. **Bryan Galley** is the owner of Bryan Galley Builders which is a small building and contracting business located in Lake Charles. He established this business in 1995 and has worked to build homes for families in Southwest Louisiana communities ever since.

3. **Dr. Neil Aspinwall** has served as the Chancellor at Southwest Louisiana Technical Community College since 2012. During his 27 years in education he has served in a wide variety of leadership roles, most recently as the Vice President of Enrollment and Student Services with the University System of George at Waycross College. Dr. Aspinwall holds a bachelor's degree in education, a master's and specialist degree in School Administration and Supervision, as well as a Doctorate degree in Educational Administration.
  
4. **Patricia Outtrim** is the Vice President of Governmental and Regulatory Affairs at Cheniere Energy. In this role, she is responsible for all government and regulatory affairs while also overseeing the environmental, health and safety groups. She has over 26 years of experience in project management including site selection, development, hazard/risk assessment, and code compliance audits. Prior to joining Cheniere, she was president of Project Technical Liaison Associates, Inc. and assisted in the site development, permitting, expansion, or reauthorization of seven of the LNG import terminals currently operating in the U.S.

- Navigating excessive regulations from multiple federal agencies, increased taxes, and higher health costs while continuing to provide quality services to your customers and grow your business is no small task. I appreciate you taking time away from your businesses to share your experiences and concerns about the regional development and opportunities that have come to the area.
- Again, thank you for being here today, and I look forward to hearing from our witnesses.

**STATEMENT OF JOEY JARREAU, OWNER, SOUTHSIDE  
MACHINE WORKS**

Mr. JARREAU. Good afternoon. My name is Joey Jarreau. On behalf of my business partners and our employees, I'd like to thank you for inviting us to speak today.

Southside Machine Works, Inc. was established by our founder, Kenneth Guillory, in 1977. The company consisted of the owner and one other employee. The machine shop was opened with the idea of supporting the oil field and petrochemical industry in the Lake area. As the industries in the Lake area expanded, so did Southside Machine. In 1984, a full-service fabrication shop was added to our existing facility. Today our company, which began as a two-man show, employs 73 full-time workers.

Over 50 percent of our workforce has been with us for over five years, with 40 percent having been employed more than 10. Many of our employees started with us as their first job and have grown into career machinists and welders. Last year alone, we were able to add 13 full-time positions. All of these employees receive an attractive salary and benefits package, including health insurance with 100 percent of their premiums paid by our company.

One of our greatest difficulties has been trying to find enough of these young people interested in learning and developing a trade. For some time, schools have been focused more on college preparation instead of job skills training. We have started to see some signs this trend may be reversing as more and more college graduates seem to struggle to find work.

Another area of concern as a small business has been the constant uncertainty of the tax code. In a business our size, it is difficult to plan asset acquisition when tax laws are frequently left to expire, only to be readdressed at the end of the calendar year. The Section 179 deduction in particular has been a significant benefit to our company as we have continually reinvested in an attempt to grow our organization. Our ability to plan ahead is hindered by these uncertainties.

We are appreciative of programs like the Domestic Production Activities Deduction that allows some tax relief for manufacturing done in the United States. There are also state incentive programs that recognize the importance of manufacturing in overall economic development. While thankful for programs such as these, given the option, we would forego these special-treatment items in favor of a lower and more simplified tax structure for all businesses.

We are strong believers that regulation is important to the safety of our facilities, the health of our environment, and the overall good of our society. However, government regulation often seems slow, constantly changing, and difficult to decipher. It is as if many of these regulations are generated in a vacuum by people that do not have to live under the regulations and therefore do not always have the ability to foresee the unintended consequences of their efforts.

We are proud members of the Southwest Louisiana business community. We take great pride in the service we provide to our industry partners and our ability to transition within the marketplace. From our early days of oilfield services, to our work with energy-producing companies, to the latest endeavors into the liquefied

natural gas arena, we have believed in order to succeed and grow our company we must evolve. As the energy industry continues to change, we believe it is adaptable small businesses like ours that will ultimately walk side by side with the large energy-producing companies in an effort to bring America to greater energy independence.

[The prepared statement of Mr. Jarreau follows:]

*How Small Businesses Are Supporting America's Energy Renaissance*  
U.S. Senate Committee on Small Business & Entrepreneurship  
Field Hearing  
Lake Charles, LA  
March 2, 2015

Testimony of Joey Jarreau  
Southside Machine Works, Inc.

Good Afternoon, my name is Joey Jarreau. On behalf of my business partners and the employees of Southside Machine Works, I would like to thank Senator Vitter and the Senate Committee on Small Business and Entrepreneurship for inviting me to speak before the committee today.

Southside Machine Works, Inc. was established by our founder, Ken Guillory, in 1977. The company consisted of the owner and one other employee. The machine shop was opened with the idea of supporting the oil field and petrochemical industry in the lake area. As the industries in the lake area expanded so did Southside Machine. In 1984 a full service fabrication shop was added to our existing facility. Today, our company which began as a two man show now employees 73 full time workers.

Over 50% of our workforce has been with us over 5 years with 40% having been employed more than 10 years. Many of our employees started with us as their first job and have grown into career machinists or welders. Last year alone, we were able to add 13 full time positions. All of these employees receive an attractive salary and benefits package including health insurance with 100% of the premiums paid by our company.

One of our greatest difficulties has been trying to find enough of these young people interested in learning and developing a trade. For some time, schools have seemed to focus more on college preparation instead of job skills training. We have started to see some signs this trend may be reversing as more and more college graduates struggle to find work.

Another area of concern as a small business has been the constant uncertainty of the tax code. In a business our size it is difficult to plan asset acquisition when tax laws are frequently left to expire only to be readdressed after the end of a calendar year. The Section 179 deduction has been a significant benefit to our company as we have continually reinvested in an attempt to grow our organization. Our ability to plan ahead is hindered by these uncertainties.

We are appreciative of programs like the Domestic Production Activities Deduction that allows some tax relief for manufacturing done in the United States. There are also state incentive programs that recognize the importance of manufacturing in overall economic development. While thankful for programs such as these, given the option we would forego these special treatment items in favor of a lower and more simplified tax structure for all businesses.



We are strong believers that regulation is important to the safety of our facilities, the health of our environment and the overall good of our society; however, government regulation often seems slow, constantly changing and difficult to decipher. It is as if many of these regulations are generated in a vacuum by people that do not have to live under the regulations and therefore do not always have the ability to foresee the unintended consequences of their efforts.

We are proud members of the SW Louisiana business community. We take great pride in the service we provide to our industry partners and our ability to transition with the marketplace. From our early days of oilfield services, to our work with energy producing companies to the latest endeavors into the Liquefied Natural Gas arena, we have believed in order to succeed and grow our company, we must evolve. As the energy industry continues to change, we believe it is adaptable small businesses like ours that will ultimately walk side by side with the large energy producing companies in an effort to bring America to greater energy independence.

Chairman VITTER. Thank you very much, Joey.  
Next we'll hear from Bryan Galley, owner of Bryan Galley Builders.

**STATEMENT OF BRYAN GALLEY, OWNER, BRYAN GALLEY BUILDERS, INC.**

Mr. GALLEY. Good afternoon, and thank you for the invitation to speak on this important topic. My name is Bryan Galley, and I am the owner of Bryan Galley Builders, a small construction business specializing in residential building. I am a graduate of McNeese, and my company has been operating since 1990. I've served as a member on our local and state homebuilders associations and as past president of our local board. I am honored to have this opportunity to address the committee today as a small business owner, a stakeholder in our local housing market, and a proud lifelong resident of Calcasieu Parish. In the next few minutes, I hope to convey to you some of the challenges my and other small businesses face, particularly in the housing industry. I'll offer some broad suggestions as to how stakeholders in the community can help small businesses meet the challenge and propel our economy forward.

While my business does not work directly with our local energy sector, it is tied to the regional surge in population and growth stemming in part from the energy sector's development. The size of my construction operation is reflective of the industry in our region, which is comprised mostly of small business builders. My employees and others in the industry are particularly sensitive to the pressures and opportunities brought on by the recent and expected investments in our region.

The nature of the construction industry is such that the businesses must be flexible and adapt to the demands of the market as they come and go. For example, the structure of my business has changed since Hurricane Rita from a roughly 30-person payroll to a group of about 10 core employees who coordinate our work through a variety of subcontractors. It seemed that shortly after we emerged from the post-storm rebuilding process and recovered from the housing bubble bursting in 2008, energy sector investments brought sharp demands to our industry. As is the case for so many small businesses in the area, my goal is to help meet these demands and seize the opportunity to profit from them. However, I am cautious and I seek to do that in a way that is sustainable in the long-term both for my business and for our region as a whole.

As the Lake Charles area sees property values increasing, businesses like mine must work with smaller spaces and be more creative with design. Often this requires an even greater focus on environmental concerns such as erosion, energy efficiency, and other areas subject to government regulation. This allows us to build with an eye toward the region's vulnerability to storms and flood zones, etc. While this is incredibly important, it also drives up the costs for local builders and increases the need for coordination with our permitting offices and police juries. Higher costs, combined with time pressure to supply the housing in demand, makes the Lake Charles construction industry a challenging sector to serve well and profitably.

Another major obstacle to success in my industry is the lack of skilled workers in the area available to complete construction projects. As I mentioned before, my company operates primarily by coordinating subcontractors, and workers in nearly every skill set within the construction industry—carpentry, masonry, framing, painting, etc.—are all increasingly hard to come by. When you do find a crew that is experienced and consistent in their work product, you are competing with numerous other building projects for their time and focus. This causes hang-ups and inefficiencies in our construction schedules.

Further, the high demand and low supply of trade workers in our industry puts pressure on subcontractors to utilize undocumented workforce and risk illegality to be able to meet the production demands of our industry. This shadow of the law is a reality and a burden on our local businessmen.

I'm going to try to move forward a little quick. I'm a little long in this.

While comprehensive immigration reform may not be a possibility in the short-term, I would like to see our government set up programs to address the issue in the present. We must respond to the reality that undocumented workers are both contributing to our economy and also straining our taxpayers' infrastructure without necessarily supporting it through their own payroll tax payments.

Of course, this is only a tangential issue and a symptom of the larger problem, our lack of skilled workforce, as Mr. Aspinwall from SOWELA and Mr. Jarreau from Southside have discussed or will discuss. Our society has given higher status and praise to college graduates, but our region really has a pressing need for trade workers with specific blue-collar skill sets. We should give recognition to those skilled workers who have excelled in their trades and made our community's economic development possible. We should hold them up as examples to be followed.

I would like to see our government officials and community leaders set up further incentives for young people to seize on the opportunity to make a good living in trades in our community.

Real quick, because I think this is very important to the building sector, in addition to manpower, our local housing industry needs appropriate financial investment to meet the demands of our growing population. I am a professional contractor, but I have also made personal investments in residential developments. I can tell you it's a lengthy lag time from when I invest funds until we are able to reap profit from that investment. Small business owners with relatively high tax burdens are often hesitant to truly invest further. This could become a problem as our area's housing needs increase. Government officials should anticipate this need and prevent a deficit in housing by implementing programs that give incentives, whether through tax breaks or other support, for those who invest in the residential and commercial building community.

Finally, as a small businessman and a Calcasieu resident, I would ask our government officials and community leaders to address the issue of energy sector development with an appropriate dose of caution and healthy skepticism. I am as proud and excited as everyone else to see our economy grow and prosper, but I also have serious concerns for the pressure this puts on our infrastruc-

ture. I recognize that tying our local economy to the oil and gas sectors ties us even more closely to the global markets. This makes us very vulnerable to market changes far outside our control.

We have already seen this in Sasol's management decision to postpone certain project development in response to the recent plunge in oil prices. We must proceed with the goal of harnessing the economic opportunity of the energy sector, but also nourish and diversify our economy in other areas alongside it.

I hope my layman's perspective is helpful today as we move forward with this discussion, and I welcome your questions.

[The prepared statement of Mr. Galley follows:]

*How Small Businesses Are Supporting America's Energy Renaissance*  
U.S. Senate Committee on Small Business & Entrepreneurship  
Field Hearing  
Lake Charles, LA  
March 2, 2015

Testimony of Bryan Galley  
Bryan Galley Builders, Inc.

Good afternoon, and thank you for the invitation to speak on this important topic. My name is Bryan Galley, and I am the owner of Bryan Galley Builders, Inc., a small construction business specializing in residential building. I am a graduate of McNeese University, and my company has been operating since 1990. I've served as a member of the local, state, and national homebuilder's associations and am a past president of our local board. I'm honored to have this opportunity to address the committee today as a small business owner, a stakeholder in our local housing market, and as a proud lifelong resident of Calcasieu Parish. In the next few minutes, I hope to convey to you some of the challenges my and other small businesses face, particularly in the housing industry. I'll offer some broad suggestions as to how stakeholders in the community can help small business meet those challenges and propel our economy forward.

While my business does not work directly with our local energy sector, it is tied to the regional surge in population and growth stemming in part from the energy sector's development. The size of my construction operation is reflective of the industry in our region, which is comprised mostly of small business builders. My employees and others in the industry are particularly sensitive to the pressures and opportunities brought on by the recent and expected investments in our region. The nature of the construction industry is such that businesses must be flexible and adapt to the demands of the market as they ebb and flow. For example, the structure of my business has changed since Hurricane Rita from a roughly 30-person payroll to a group of about ten core employees who coordinate our work through a variety of subcontractors. It seemed that shortly after we emerged from the post-storm rebuilding process and recovered from the housing bubble bursting in 2008, energy sector investments brought sharp demands to our industry. As is the case for so many small businesses in the area, my goal is to help meet these demands and seize the opportunity to profit from them. However I am cautious and I seek to do that in a way that is sustainable in the long-term both for my business and for our region as a whole.

As the Lake Charles area sees property values increasing, businesses like mine must work with smaller spaces and be more creative with design. Often this requires an even greater focus on environmental concerns such as erosion, energy efficiency, and other areas subject to government regulation. This allows us to build with an eye toward our region's vulnerability to storms, floodzones, etc. While this is incredibly important, it also drives up costs for local builders and increases the need for coordination with our permitting offices & police jurisdictions. Higher costs, combined with time pressure to supply the housing

in demand, makes the Lake Charles construction industry a challenging sector to serve well and profitably.

Another major obstacle to success in my industry is the lack of skilled workers in the area available to complete construction projects. As I mentioned before, my company operates primarily by coordinating subcontractors, and workers in nearly every skillset within the construction industry, (carpentry, masonry, stucco, framing, and painting, for example), are increasingly hard to come by. When you do find a crew that is experienced and consistent in their work product, you are competing with numerous other building projects for their time and focus. This causes hang-ups and inefficiencies in our constructions schedules.

Further, the high demand and low supply of trade workers in our industry puts pressure on subcontractors to utilize the undocumented workforce and risk illegality to be able to meet the production demands of our industry. This shadow of the law is a reality and a burden that our local businessmen and officials must deal with regardless of partisan gridlock on the federal level. While comprehensive immigration reform may not be a possibility in the short-term, I would like to see our government set up programs to address the issue in the present. We must respond to the reality that undocumented workers are both contributing to our economy and also straining our taxpayers' infrastructure without necessarily supporting it through their own payroll tax payments.

Of course, this is only a tangential issue and a symptom of the larger problem- our lack of skilled workforce. As Mr. Aspinwall from Sowela and Mr. Jarreau from Southside have discussed/will discuss, our society has given higher status and praise to college graduates, but our region really has a pressing need for trade workers with specific blue-collar skillsets. We should give recognition to those skilled workers who have excelled in their trades and made our community's economic development possible. We should hold them up as examples to be followed. I would like to see our government officials and community leaders set up further incentives for young people to seize on the opportunity to make a good living in trade work and stabilize our economy and housing industry in the process. As a small business owner, I am open to aiding in this effort through mentorship and experiential learning programs for our Lake Charles young people.

In addition to manpower, our local housing industry needs appropriate financial investment to meet the demands of our growing population. I am a professional contractor, but I have also made personal investments in residential developments. I can tell you that there is a lengthy lag time—roughly 7 to 10 years--from when I invest funds until I am able to profit from that investment. Small business owners with relatively high tax burdens are often hesitant and truly unable to invest further. This could become a problem as our area's housing needs increase. Government officials should anticipate this need and prevent a deficit in housing by implementing programs that give incentives, whether through tax breaks or other support, for those who invest in residential and commercial building. And as any local businessperson will tell you, every effort to stabilize our tax code and make tax policies consistent and predictable helps our small businesses.

Finally, as a small businessman and a Calcasieu resident, I would ask our government officials and community leaders to address the issue of energy sector development with an appropriate dose of caution and healthy skepticism. I am as proud and excited as everyone else to see our economy grow and prosper, but I also have serious concerns for the pressure this puts on our infrastructure. I recognize that tying our local economy to the oil and gas sectors ties us even more closely to global markets. This makes us vulnerable to market changes far outside our control. We have already seen this in Sasol's management decision to postpone certain project development in response to the recent plunge in oil prices. We must proceed with the goal of harnessing the economic opportunity of the energy sector, but also nourish and diversify our economy in other areas alongside it.

I hope my layman's perspective is helpful today as we move forward with this discussion, and I welcome any questions you have in response to my comments. Thank you.

Chairman VITTER. Thanks very much, Bryan. I appreciate it. Next we'll hear from Dr. Neil Aspinwall with SOWELA.

**STATEMENT OF NEIL ASPINWALL, CHANCELLOR, SOWELA  
TECHNICAL COMMUNITY COLLEGE**

Dr. ASPINWALL. Thank you, Senator Vitter, for giving me the opportunity to speak. It may seem out of place for the chancellor of a technical community college to be testifying at a hearing about how small businesses are supporting America's energy renaissance. However, I consider SOWELA Technical Community College to not only be an institution of higher learning but also a small business enterprise. Because of \$80-plus billion in planned industrial expansions in the petrochemical and LNG/GTL energy sector in Southwest Louisiana, SOWELA has been given the opportunity and responsibility to provide the training programs and services needed to produce the workforce necessary to help construct these massive industrial expansions.

According to the Louisiana Workforce Commission, the number of annual completers required to fill the occupations of highest need for the energy sector expansion in the region are construction crafts field, 9,360 jobs; industrial production, 4,955 jobs; and welding, 4,810 jobs.

Since 2012, SOWELA has begun to design, create, implement, and/or expand training programs requested by industry to help them meet the demands of the burgeoning energy sector expansions. Programs focusing on skill crafts such as pipefitting, millwright, welding, insulators, scaffolding, concrete forming, machining, sheet metal, electrician, lab analysis, and non-destructive testing have been added to the instructional program options at the College. Enrollment in high-demand programs directly related to the energy sector such as Process Technology and Industrial Instrumentation have literally doubled in enrollment in the past couple of years.

Furthermore, due to industry demands and to place students into the energy workforce quicker, SOWELA had to be entrepreneurial and create a compressed PTech program to provide the opportunity for students to earn an Associate of Applied Science degree in just 16 weeks. The first FastTrack PTech class contained 18 students, two of which had Associate's degrees, 12 who held Bachelor's degrees, two who held Master's degrees, and one who had already earned a Doctorate degree. So as you can see, these energy sector jobs are highly sought-after positions that have and will continue to attract individuals to the region for better employment opportunities.

SOWELA is concentrating on the energy sector workforce needs of the regional economy. However, according to the "Energy Sector Jobs to 2030: A Global Analysis," published by the Institute for Sustainable Futures in 2009, the 2020 global energy sector is expected to employ an estimated 10.5 million workers. By 2030, global sector energy jobs are expected to grow by an additional 800,000 workers, totaling an estimated 11.3 million employees.

The energy sector, comprised of small, medium, and large businesses, will experience significant and steady demand for skilled workers over the next 15 years on a regional, state, national, and



global level. Therefore SOWELA, as one of these small business enterprises, must be prepared with the programs, services, and financial resources necessary to help produce this massive workforce.

However, meeting the workforce demands of the expanding energy sector is a very daunting task which is going to require strategic efforts on the part of many collaborative partners. SOWELA has developed training partnerships with the Plumbers and Steamfitters Union, the secondary school systems in the five-parish region, and the Associated Builders and Contractors. Many of the short-term training programs focusing on the craft skills are non-credit, which makes them unavailable for Federal financial aid. Since 84 percent of community college students work, and 60 percent work more than 20 hours per week, our students cannot afford to quit their jobs and take advantage of skills training programs in which no financial aid is available.

Fortunately, various private industries such as CB&I, Praxair, Bechtel, and Capital One have stepped forward to provide scholarships for students seeking entry into these programs. Furthermore, one of our strongest partners is the Regional Workforce Investment Board who helps certify our training programs and ensure that the programs are eligible for Federal, state, and local dollars. The Workforce Investment Boards have enabled many individuals to gain access to the training programs necessary to enable them to take advantage of the employment opportunities available in the booming energy sector fields of the region.

SOWELA is one of the 13 colleges in the Louisiana Community and Technical College System, and a major part of the mission at each college is workforce development. We have a golden opportunity to shape the future of Louisiana and the nation as a whole by producing the workforce needed to ensure that America continues to produce the energy necessary to fuel an economy that will provide financial and economic stability, vitality, and prosperity for generations to come.

Thank you.

[The prepared statement of Dr. Aspinwall follows:]

It may seem out of place for the Chancellor of a Technical Community College to be testifying at a hearing about how small businesses are supporting America's Energy Renaissance. However, I consider SOWELA Technical Community College to not only be an institution of higher learning but also a small business enterprise. Because of \$80 + billion in planned industrial expansions in the petro-chemical and LNG/GTL energy sector in Southwest Louisiana, SOWELA has been given the opportunity and responsibility to provide the training programs and services needed to produce the workforce necessary to help construct these massive industrial expansions.

According to the Louisiana Workforce Commission, the number of annual completers required to fill the occupations of highest need for the energy sector expansion in the region are:

- Construction crafts field = 9360
- Industrial Production = 4955
- Welding = 4810

Since 2012, SOWELA has begun to design, create, implement, and/or expand training programs requested by industry to help meet the demands of the burgeoning energy sector expansions. Programs concerning our skill crafts such as pipefitting, Millwright, welding, insulators, scaffolding, concrete forming, machining, sheet metal, electrician, lab analysis, and Non-destructive testing have been added to instructional program options at the College. Enrollment in high demand programs directly related to the energy sector such as Process Technology and Industrial Instrumentation have literally doubled in enrollment in the past couple of years. Furthermore, due to industry demands and to place students into the energy workforce quicker, SOWELA had to be entrepreneurial and create a compressed PTech program to provide the opportunity for students to earn an Associate of Applied Science degree in just 16 weeks. The first FastTrack PTech class contained 18 students – two of which had Associate's degrees, 12 who held Bachelor's degrees, two who held Master's degrees, and one who had already earned a Doctorate degree. So as you can see, these energy sector jobs are highly sought after positions that have and will continue to attract individuals to the region for better employment opportunities.

SOWELA is concentrating on the energy sector workforce needs of the regional economy; however, according to the Energy Sector Jobs to 2030: A Global Analysis published by the Institute for Sustainable Futures in 2009, the 2020 global energy sector is expected to employ an

estimated 10.5 million workers. By 2030 global sector energy jobs are expected to grow by an additional 800,000 workers totaling an estimated 11.3 million employees.

The energy sector, comprised of small, medium and large businesses, will experience significant and steady demand for skilled workers over the next 15 years on a regional, state, national, and global level. Therefore, SOWELA as one of these small business enterprises must be prepared with the programs, services, and financial resources necessary to help produce this massive workforce.

However, meeting the workforce demands of the expanding energy sector is a very daunting task which is going to require strategic efforts on the part of many collaborative partners. SOWELA has developed training partnerships with the Plumbers and Steamfitters Union, the secondary school systems in the five-parish region, and the Associated Builders and Contractors. Many of the short-term training programs focusing on the craft skills are non-credit which makes them unavailable for federal financial aid. Since 84% of community college students' work and 60% work more than 20 hours per week, our students cannot afford to quit their jobs and take advantage of skills training programs in which no financial aid is available.

Fortunately, various private industries such as CB&I, Praxair, Bechtel, and Capital One have stepped forward to provide scholarships for students seeking entry into these programs. Furthermore, one of our strongest partners is the Regional Workforce Investment Board who helps certify our training programs and ensure that the programs are eligible for federal, state, and local dollars. The WIBs have enabled many individuals to gain access to the training programs necessary to enable them to take advantage of the employment opportunities available in the booming energy sector fields of the region.

SOWELA is one of the 13 colleges in the Louisiana Community and Technical College System and a major part of the mission at each college is workforce development. We have a golden opportunity to shape the future of Louisiana and the nation as a whole by producing the workforce needed to ensure that America continues to produce the energy necessary to fuel an economy that will provide financial and economic stability, vitality, and prosperity for generations to come.

Chairman VITTER. Thank you very much, Dr. Aspinwall.  
And now we'll wrap up in terms of testimony with Pat Outtrim with Cheniere.

**STATEMENT OF PATRICIA OUTTRIM, VICE PRESIDENT OF  
GOVERNMENTAL AND REGULATORY AFFAIRS, CHENIERE  
ENERGY, INC.**

Ms. OUTTRIM. Senator Vitter, thank you for the opportunity to make these comments today. I'd like to provide an update on our progress at the Sabine Pass LNG terminal under construction in Cameron Parish and help the committee better understand that our capacity to export natural gas as LNG is supporting new jobs and economic growth locally and in Louisiana and across the country.

I will also discuss the staffing and permitting challenges created by these new projects.

The Sabine Pass Liquefaction Project represents what is likely the largest energy infrastructure project in Louisiana and U.S. history. Cheniere is spending \$12 billion constructing the first four LNG trains. Our investment will rise to \$20 billion pending regulatory approvals and a final investment decision for Trains 5 and 6 at the site. We began construction in August 2012, and at year end 2014, Trains 1 and 2 are 81 percent complete, and Trains 3 and 4 are 54 percent complete. We anticipate producing LNG from Train 1 as early as late 2015, this year, with commercial operations beginning in 2016. Additional trains at the facility will start service about every six to nine months thereafter.

The scale of construction on the Liquefaction Project is enormous. Approximately \$3 billion are being invested in equipment and goods made here in the United States for the four LNG trains under construction, sourced from 54 manufacturers located in 17 U.S. states. Each day over 4,000 workers arrive at the Sabine Pass site, increasing the population of Cameron Parish by nearly 60 percent. We anticipate spending \$2 billion in wages during the course of construction on those first four trains.

Two local businesses that have been favorably impacted by the Sabine Pass expansion are Alfred Miller and Bayou Construction. Bayou Construction, whose ownership and employees are from the Johnson Bayou area, increased their workforce by 30 percent last year, and their revenue doubled due to the project. Bayou Construction expects to have similar increases this year, with 40 personnel working at the site. Alfred Miller is a 67-year-old family-owned business located in Lake Charles. The precast panels that are made in Lake Charles are part of several of the buildings on site. Alfred Miller hired additional construction and engineering manpower to service the \$30 million in contracts from the Sabine Pass expansion.

A recent study by Loren C. Scott & Associates estimates that construction of the plant's six trains would grow U.S. business sales by \$46 billion over eight years and would support an average of over 30,000 jobs nationwide through 2019. Business sales in the Lake Charles region will expand by over \$7.3 billion over eight years, while an average of 6,391 jobs will be created for Louisiana residents through 2019. To put this impact in perspective, there

are 14 parishes in Louisiana that employ fewer than 6,391 residents.

Construction-related business activity in Sabine is expected to generate over \$230 million in additional taxes and fees through 2019, nearly equal to all corporate income tax collections for the State of Louisiana in the 2012 fiscal year.

We anticipate employing 560 workers to operate the six-train Sabine Pass facility. By 2019, Sabine Pass plant operations would support over 2,750 new jobs in the Lake Charles region, representing a 3 percent jump in Lake Charles employment, and would grow regional business sales by nearly \$900 million. By 2019, 7,500 new jobs would be created in the State of Louisiana, and nearly \$2.9 billion in economic impacts for the state.

The project represents one of the many examples of how the U.S. energy renaissance is generating new economic and employment opportunities across the country. Many of the new jobs created by the energy boom require specialized training for skills in the craft trades, such as welding and pipefitting, training that does not necessarily fit the four-year college model. Building these skills through training our youth and veterans will require cooperation and outside-the-box thinking among industry and community stakeholders. Cheniere is evaluating ways to help address these challenges and prepare our workforce for the new job opportunities of tomorrow.

For America to take full advantage of its growing energy resources, we also need regulatory certainty for the new infrastructure required to gather, process, and transport supplies to market. With respect to LNG, the U.S. has in place a robust regulatory process to evaluate the safety, environmental, and community impacts of LNG projects. The Department of Energy has authority to issue a license to export or import natural gas, and the Federal Energy Regulatory Commission is the lead Federal agency that coordinates all Federal and state agencies during the NEPA review process, as directed under Section 313 of the Energy Policy Act.

The FERC review begins with a minimum six-month pre-filing process, and then public meetings are held, and detailed engineering and environmental analyses are packaged in 13 resource reports that make up the completed application. An additional 12 to 30 months are required by FERC to review the application and to complete an environmental assessment or an environmental impact statement.

There are approximately 40 permits and consultations required in total before FERC can provide authorization to commence construction. These application review times have trended toward the longer timeframe. FERC, in particular, is manpower constrained as their reviews of natural gas and power projects include several sectors experiencing significant growth, including natural gas pipelines, LNG, power transmission, and hydroelectric facilities.

The NEPA analysis conducted by FERC is a rigorous evaluation that ensures the safety of the public and environment, but it's a time-intensive and expensive process. The regulatory review for an LNG project can take up to three years, and a sponsor must spend up to \$100 million to receive all necessary permits. Furthermore, as more LNG project applications are filed at FERC and those ap-

proved go into construction, more demands are being placed on FERC staff to review projects and oversee construction.

The regulatory process must keep pace with the growth America is experiencing in its oil and gas fields to avoid wasting a golden economic and strategic opportunity for the country. Section 313 of the EPAct provides that FERC ensure expeditious completion of LNG project reviews and provides for timelines. Delays in these projects can cost hundreds of millions of dollars. Therefore, it is important that these timelines be adhered to by state and Federal agencies. At the same time, it is important for Congress to ensure that these agencies are provided the resources necessary to complete reviews of pending LNG and infrastructure projects.

Thank you.

[The prepared statement of Ms. Outtrim follows:]

27

Testimony  
of

Pat Outtrim  
Vice President of Government and Regulatory Affairs  
Cheniere Energy, Inc.

before

Senate Committee on Small Business and Entrepreneurship

March 2, 2015

Thank you for the opportunity to address the committee. My name is Pat Outtrim, I serve as Vice President of Government and Regulatory Affairs at Cheniere Energy, Inc. While at Cheniere I have overseen the permitting of six liquefied natural gas ("LNG") projects, including a project now under construction to add liquefaction capability at our Sabine Pass LNG terminal in Cameron Parish, Louisiana. Today I would like to provide an update on our progress at Sabine Pass, and help the committee better understand how our capacity to export natural gas as LNG is supporting new jobs and economic growth locally in Louisiana and across the country. I will also discuss the staffing challenges created by these new projects, and how Cheniere is helping address these challenges and prepare our workforce for the new job opportunities of tomorrow.

The Sabine Pass Liquefaction project represents what is likely the largest energy infrastructure project in Louisiana and U.S. history. Cheniere has committed to spend approximately \$12 billion constructing the first four LNG trains at the facility, and our investment could rise to \$20 billion pending regulatory approvals and a final investment decision for Trains 5 & 6 planned at the site. We began construction on Trains 1 and 2 at Sabine Pass in August 2012, and at year-end 2014 Trains 1 and 2 were approximately 81% complete. Construction on Trains 3 and 4 began in May 2013, and at year-end 2014 those trains were approximately 54% complete. We anticipate producing LNG from Train 1 as early as late 2015, with commercial operations beginning in 2016. Additional trains at the facility are scheduled to start service every six to nine months thereafter.

The scale of construction on the Liquefaction Project is enormous. Approximately \$3 billion is being invested on equipment and goods made here in the United States for the four LNG trains under construction, sourced from a total of 54 manufacturers located in 17 U.S. states. Each day over 4,000 workers arrive at the Sabine Pass site, increasing the population of Cameron Parish by nearly 60%. We anticipate spending \$2 billion in wages during the course of construction on the first four LNG trains. This represents \$2 billion in the pockets of hard-working families across the Gulf Coast to spend on food, clothing, restaurants, housing, vehicles and other goods and services, resulting in tremendous additional economic benefits.

Two examples of local businesses that have been favorably impacted by the Sabine Pass Liquefaction expansion are Alfred Miller and Bayou Construction. Bayou Construction, whose ownership and employees are from the Johnson Bayou area, increased their workforce by 30% last year and their revenue doubled due to the project. Bayou construction expects to have similar increases this year and they have over 40 personnel working at the site. Alfred Miller is a family owned business located in Lake Charles and has been in business for 67 years. The precast panels



that are made in Lake Charles are part of several of the buildings on site. They too have experienced significant growth. Alfred Miller hired additional construction and engineering manpower to service the \$30 million in contracts from the Sabine Pass expansion.

A recent study by Loren C. Scott & Associates estimates that construction of the Sabine Pass Liquefaction project's six trains would grow U.S. business sales by \$46 billion dollars over eight years and would support an average of over 30,000 jobs nationwide through 2019. The impact to the state and region is particularly significant. Business sales in the Lake Charles region are estimated to expand by over \$7.3 billion over eight years, while an average of 6,391 jobs will be created for Louisiana residents through 2019 due to project spending. To put this impact in perspective, there are 14 parishes in Louisiana that employ fewer than 6,391 residents. Construction-related business activity at Sabine Pass is expected to generate over \$230 million in additional taxes and fees through 2019 for the Louisiana state treasury, according to Loren C. Scott & Associates estimates, nearly equal to all corporate income tax collections for the state in the 2012 fiscal year.

Operations at the Sabine Pass facility would provide a long-term market for America's abundant natural gas resources and support a stable source of employment in the region and state. We anticipate employing approximately 560 workers to operate the Sabine Pass facility with six LNG trains. Loren C. Scott & Associates projects that full-scale operations at Sabine Pass by 2019 would support over 2,750 new jobs in the Lake Charles region, representing a 3% jump in Lake Charles employment, and would grow regional business sales by nearly \$900 million. By 2019, 7,500 new jobs would be created in the State of Louisiana, and nearly \$2.9 Billion in economic impacts for the state, they estimate.

The Sabine Pass project represents a tremendous development for Louisiana and the Lake Charles region, and one of many examples of how the U.S. energy renaissance is generating new economic and employment opportunities in communities across the country. To take full advantage of these opportunities here in Louisiana, we need to prepare our workforce for tomorrow's jobs. Many of the new jobs created by the energy boom require specialized training for skills in the craft trades, such as welding and pipefitting, training that does not necessarily fit the four-year college model. Building these skills through training our youth and veterans will require cooperation and outside-the-box thinking among industry and community stakeholders. Cheniere is evaluating ways to help address these challenges and prepare our workforce for the new job opportunities of tomorrow.

For America to take full advantage of its growing energy resources, we also need regulatory certainty for the new infrastructure that will be required to gather, process and transport supplies to market. With respect to LNG, the U.S. has in place a robust regulatory process to evaluate the safety, environmental and community impacts of LNG projects under the National Environmental Policy Act. There are approximately 20 federal and state agencies that have a role in the permitting of an LNG project. While the Department of Energy has authority to issue a license to export or import natural gas, the Federal Energy Regulatory Commission ("FERC") is the lead federal agency that coordinates all activity during the NEPA review process, as directed under Section 313 of the 2005 Energy Policy Act.

The FERC review process includes a minimum six-month pre-filing process during which an LNG project is vetted by these 20 federal and state agencies and public meetings are held to field inquiries and concerns from the community regarding a project's impacts. Detailed engineering work is also required to complete 13 resource reports that cover all environmental and engineering information in an application. Once an application is submitted to FERC, an additional 12 to 30 months are required to review it and to complete an environmental assessment or an environmental impact statement. Before a construction license may be issued by FERC, other permits are also required for an LNG project, including from the U.S. Army Corp of Engineers, the EPA, and state-level environmental agencies. There are approximately 40 permits and consultations required in total before FERC can provide authorization to commence construction for an LNG project. These application review times have trended toward the longer time frame as the agencies have become increasingly busy with new infrastructure applications. FERC, in particular, is manpower constrained as their reviews of natural gas and power projects include several sectors experiencing significant growth including natural gas pipelines, LNG, power transmission, and hydroelectric facilities.

The NEPA analysis conducted by FERC is a rigorous evaluation that ensures the safety of the public and environment, but it as well is a time-intensive and expensive process. The cumulative impact is that the regulatory review for an LNG project can take up to three years, and a sponsor must spend up to \$100 million for compliance to receive all necessary permits. Furthermore, as more LNG project applications are filed at FERC and those approved go into construction, more demands are being placed on staff to review projects and oversee construction to ensure their compliance with federal environmental and safety standards.

Our regulations of midstream infrastructure keep pace with the growth America is experiencing in its oil and gas fields to avoid wasting a golden economic and strategic opportunity for the country. Section 313 of the 2005 EPAct provides that FERC “ensure expeditious completion” of LNG project reviews, and provides for timelines to ensure that review is timely. Delays in these projects can cost hundreds of millions of dollars, therefore, it is important that these timelines be adhered to by state and federal agencies during project reviews. At the same time, it is important for Congress to ensure that these agencies are provided the resources necessary to complete reviews of pending LNG and infrastructure projects in a thorough yet timely manner.

Chairman VITTER. Thank you, Pat.

Thanks to all four of you for your testimony.

By the way, this entire record will be shared with the Small Business Committee folks in Washington as part of our ongoing discussions.

Let's get to discussion coming out of your testimony. I want to start with Mr. Galley and Mr. Jarreau. You all are the small business folks here, right? This is the Small Business Committee discussion, so I want to start with you.

One of these slides up here talks about \$63 billion of new activity in this part of the state. What has that felt like in terms of your businesses in the last few years? What has it done to your specific businesses? Number one. And number two, what are some of the biggest impediments to you being fully able to take advantage of that in terms of business and job growth?

Mr. GALLEY. Well, in my business, what we've seen over the past several years is people, of course, building more homes and trying to put in more places to build homes. But what we've also seen is folks that are interested in doing multi-family building, more duplexes, more density building that have visited with me particularly as far as doing those projects. As you go forth, where do you build them? Who will let you build them in that spot? How are you going to finance them? And once you work through all of that, then we all have time tables. As I said in my opening testimony, we really need help with this problem with blue-collar workers, as I said. There's something to be said for a great carpenter or a great mason. It's very proud work. It's very hard work.

But I think we have to start at an early level, whether it's in high school. I think we really, really need to look at some of our vocational classes and make sure that those true champions that are there, that want to come, that come from generations of that type of work, we should make them understand that it's proud work and it's good work.

Chairman VITTER. Bryan, let me back up. Just in terms of your activity, if you compared, say, a couple of years ago to next year or the year after, your projections, what sort of increase do you expect to see?

Mr. GALLEY. I see it could easily be just twofold.

Chairman VITTER. A 100 percent increase for you. And what I'm hearing is one of the biggest barriers you have is just getting the right skilled folks.

Mr. GALLEY. We're working as hard as we can and we can't keep up right now, you know? So what do you do?

Chairman VITTER. Joey, you want to add to that?

Mr. JARREAU. Sure. Echoing what he said, we sort of feel like—no offense, but by the time we get to our community college level, it's almost too late, you know? We feel like the bulk of the people that funnel into our business, they're starting families at 20 years old.

You did mention it's hard for them to basically stop working to go back to school, you know? I know a lot of the guys we have that have been there for an extended period of time, a lot of the skills that they got were straight out of high school. They got them in high school. They came out kind of with that mindset and that

ability to walk into a job with some of those skills already, and I think that's even more important today.

As far as the actual expansion in the Lake area, other than we've noticed our industry partners kind of—I don't want to say panic, but going into that mode of, okay, let's solidify our contracts with our vendors to be sure that as this expansion comes on and things get busier, that we have those set people ready to take care of our business still.

So we've seen a lot of that. We don't do a lot of new construction type work. Typically what we do is more repair and kind of after-the-fact stuff. So really, until they kind of get everything here and start putting it together and realize, okay, that doesn't fit, that doesn't work, that's kind of where we get more involved. So we definitely see it expanding our business.

We have been working—really started a couple of years ago adding more facility, adding more staff, with the idea that that's where we're headed. The biggest impediments for us have been finding those good employees, and then also, like I mentioned, when the tax debate is happening at the first of every year, it seems like you always hear, well, Section 179 is not that important to businesses. But to a business our size, it really is. It makes a significant impact, because without that Section 179, every project costs me 30 percent more in taxes.

So that's been to us probably the biggest headache, is kind of sitting around trying to figure out, okay, can we afford to do a little bit more depending on what that tax structure is going to be, and how in that context starting over is not a way to—we couldn't run our business that way.

Chairman VITTER. So again, back up a little bit. In terms of your business, because of the nature of it, have you seen significant growth yet, or is that a little down the line?

Mr. JARREAU. I think it's more down the line. I mean, we've seen some significant growth in our business really in the last five years.

Chairman VITTER. What sort of percentage growth over the last five years?

Mr. JARREAU. I'd say we've been probably around 5 percent growth per year, actually. And it's kind of a managed growth for us, which is good. We try to keep it where we can handle our customers the way they deserve and we like to handle them.

But I don't know that I can tie it directly—like I said, other than a couple of our big partners kind of saying, okay, we want to lock you into doing a little bit more work for us so that we know you're there when we're going to need you later down the road, I don't think any of the new construction necessarily has definitely—you know, I can attribute it to that.

Chairman VITTER. But you would see an impact a little further down the line?

Mr. JARREAU. Oh, there's no doubt.

Chairman VITTER. When that stuff is under way?

Mr. JARREAU. Absolutely.

Chairman VITTER. More fully under way.

Mr. JARREAU. Absolutely. Like I said, we do more of a service industry. We're more of a service business, kind of an after-the-fact

kind of thing. We're not really construction. So obviously, all of our business is involved in going into local facilities and working with them on repairs, maintenance, that type of stuff. And obviously, with more facilities, there would be a definite impact to that business.

Chairman VITTER. In terms of impediments, I'm hearing again a skilled workforce, but also certainty in terms of the tax environment, the regulatory environment, etc.

Mr. JARREAU. Absolutely. I mean, just this week, two different things came across. One was the capitalization vs. repair regulations, and there was another one I wrote down but didn't bring with me. But it seems like there's constantly regulation coming out, and then they're like, oh, wait, that doesn't work. So we back it up, and we're constantly spending time either with consultants that have been there trying to help us figure out how to manage the newest regulations that are coming out that three weeks later are gone, and they're replacing it with something else. It just seems like for a small business that doesn't have a full-time staff, sitting around just to decipher what the government is doing this week, it's tough.

Chairman VITTER. Absolutely.

Well, on that note, Pat, let me turn to you. I think I heard right, but I want to emphasize it for everybody to focus on. Just on the pure permitting regulatory side, before you all started really putting a shovel in the ground, you had to spend \$100 million, right?

Ms. OUTTRIM. That's correct, sir.

Chairman VITTER. \$100 million. I know it's a big project. I know you're a big entity. But still, a tenth of a billion dollars for pieces of paper before you really started productive activity.

Ms. OUTTRIM. That's before you make final investment decisions. So it's a \$100 million gamble, because you don't know if you're going to get those permits.

Chairman VITTER. So, describe how much of your company's time and energy is on the pure government regulatory side and what a burden, essentially, that is.

Ms. OUTTRIM. I would say—I mean, for my group, it's 100 percent because it's all permitting, and that's not a huge group in our company. But I would say it's probably between 10 percent and 20 percent of the work that's done. In the early stages, as a development company, of course, it was more. It was a greater percentage than that. But it is all-encompassing, and it's a three-year process that starts fairly slowly, and you have to develop all of your engineering work in order to be able to provide that to the agencies.

The state agencies have done a very good job and worked very diligently to try to move the timelines along. The Federal agencies are working diligently as well, but they seem to get further and further behind, and so it's taking longer and longer. And you're spending, for every day you delay a permit, you're spending millions of dollars because you've got engineers that are working, you've got a lot of momentum behind that whole process. And so there's a lot of money that goes out the door on a daily basis, and it's a day-to-day delay on actually putting LNG in a ship and being able to sell something.

Chairman VITTER. Now, at the Federal level, I assume part of the problem in terms of delays and complications is you really have two different processes, FERC and DOE, and it's never exactly clear who goes first, how it works, how they intersect. Is that fair to say?

Ms. OUTTRIM. Well, until DOE kind of defined their process last year, it was definitely "Who's on First" and who goes first. They have now defined that process, that FERC will complete their NEPA analysis, and DOE participates in that, as EPC Act 2005 requires, so that's defined. And then DOE is going to issue their permit after FERC finishes their permit.

The problem is that both of those permits could happen simultaneously and probably shave a couple of months off the permitting process. But DOE wants FERC to finish completely first and then they will issue their permit. So there are definitely efficiencies that could be had with a little bit different look at what the actual permitting requirements are.

Chairman VITTER. Let me just make the comment, based on that, \$100 million for permits, for pieces of paper before you're putting a shovel in the ground, imagine how that translates—now, I know it's not the same level of burden, but imagine what that means to a truly small business like Mr. Jarreau's or Mr. Galley's. It's not going to be \$100 million, but that same level of burden can absolutely kill, bankrupt a truly small business.

Ms. OUTTRIM. Well, and we are—Cheniere, I like to say we're a small business doing big things. I mean, we went from a 200-person firm to a 600-person firm. So although we're larger than some smaller businesses, we're still not a huge business. So it is a huge burden, and it is a very big burden for smaller businesses. Ten or 20 percent of their workforce, that's just not productive and not income-producing.

Chairman VITTER. Dr. Aspinwall, we've been talking a lot about skilled labor and the need to grow that and develop that. As you know, there is an effort to start at an earlier stage than you, and I agree with this effort. In my opinion, we really need to even the playing field and right the balance at the high school level, or even before, in terms of making sure kids understand all sorts of opportunities. Yes, four-year colleges, but also skills training.

I think over the last 30 years we've sent out this implicit message in America that if you're not getting a college degree, you're second class, and that's just wrong. It's nowhere more wrong than in Southwest Louisiana where, if you have the right skill sets, you can be a 21-year-old right out of high school making \$55,000 a year, in four years making \$95,000.

One effort at the high school level to rebalance that is this program called Jump Start, to have more exposure to vocation and skills training at the high school level. How would you broadly rate how that's going, how quickly, how fully it's going at the high school level?

Dr. ASPINWALL. I think the new Jump Start program is off kind of to a slow start, and I can tell you some progress that has been made probably in the last couple of months, and that's how our state community college system, meeting with the state superintendent and meeting with the superintendents at the local school

level, and what we're trying to do is work out an MOU so those Jump Start courses and their new diploma track system, they can utilize more of the community college system to begin doing that training.

And the comments you made about for the past 30 years I think we have gotten away from the skilled craftsman, we have emphasized too much what I call a four-year college degree. I'm a product of the university system, and I have two sons. By the time both of them were 10 or 11 years old, they knew they had to go to college. But the message I was sending to them was that you have to go get a four-year degree.

So I think we have to redefine what we mean when we say college. College naturally is a four-year degree, but it also is an Associate's, a diploma, a certificate, it's a continuing education, anything that's going to get you those workforce skills that's going to allow you to get into the workforce and get a meaningful job and begin to pay taxes and contribute to the economy.

So, yes, I think we're beginning to turn the corner, so to speak, and reemphasize some of those technical skills trainings, and when you come to a community technical college, you are coming to college. The parents have to understand that, that you are getting a college education even if it's less than a four-year degree, and it's going to lead to a good career and a good job.

Chairman VITTER. Absolutely.

I'll go back to our two true, true small business guys, Mr. Jarreau and Mr. Galley. Right now, for your skilled workforce, what are your best sources to go to? Where do you find the most effectively?

Mr. GALLEY. Well, like I said, we went from a 30-hand payroll to using a lot of subcontractors. So we try to recruit the best subcontractors. We do a lot of high-end construction, so we need people who are sensitive to quality. So word of mouth, been with us a long time. They tend to train a lot of their employees at the work site, from the helpers and laborers to trying to learn the craft, and they do a good job of that, but the numbers aren't as much as we need.

So that's how we do it, you know? We try to grow them right there on the job site if we can, if that makes sense.

Chairman VITTER. Joey, what about you all?

Mr. JARREAU. I'd say a lot of the same things. We actually get a lot of guys from the surrounding area, not even just Lake Charles. The Kinder area seems big for us. We do a lot of word-of-mouth recruiting. We do a lot of training on-site. Sometimes our employee list looks like a family tree because you'll have this one's cousin and brother, because they're people who will have a good, hard work ethic that will come in.

Just one little guy who came to work for us four years ago, he came to work for us making \$15 an hour a couple of years out of high school. Today he's making \$34 an hour, but he came in with that mindset and that ability to get that. I don't know if he got it in high school or it's just the family tree, but typically the guys that are with us, we're kind of bringing them in sometimes as floor sweepers, starting there and kind of building them up. Sometimes they come in with a little bit of skills and we work with them. But most of it, we're pretty much training in-house our long-term guys.



Mr. GALLEY. Can I add to that real quick?

Chairman VITTER. Sure.

Mr. GALLEY. I think another thing that's really—I know it's not scientific, but I think just work ethic. If we can get them there on time and keep them there, by God, that's half the battle. I don't know where you teach that, but that's cowboy logic. Just get there and we'll get it done.

Chairman VITTER. I don't know what it is now, but it used to be sort of basic life skills and values.

Mr. GALLEY. Well, I think it's the world we live in. When I was 18 years old, by God, you had to go to work, okay? Today, for some reason, they seem to have everything they need not working. So I don't know where it's coming from, but I don't have that answer.

Chairman VITTER. I know at Cheniere you all make a determined effort to make clear the opportunities you have for South-west Louisiana business, small business typically. How do you do that, and are the Cheniere opportunities and other companies with a similar effort, how do small businesses best engage with you or look into those opportunities?

Ms. OUTTRIM. Well, there are two ways of doing that. During construction, Bechtel is our primary contractor. So they would go to the Bechtel Web site and register through the Bechtel Web site for opportunities to work with Bechtel and Bechtel subcontracts. Then we have our Web site available as well, and as we go into operations, we will use a lot of subcontracts—maintenance, everything from yard work to fence maintenance and all kinds of different subcontracts. So that's the best way to get hold of us.

Chairman VITTER. Good, good.

Dr. Aspinwall, I know, as you were saying in your testimony, you'll have a lot of pretty new regional projects based specifically on developments here, what's going on on the ground, new employers, new projects. Why don't you mention some of those and what you have found works best in terms of making sure you connect directly to what's going on in the real world and what employers actually need?

Dr. ASPINWALL. Well, one of the things we tie our success and our existence on is maintaining contact with the business and industry world. For instance, Joey here, Joey helped recently, in the last year, develop a new mill program and machinist program for us, because that's one of those programs we didn't have. But industry was saying you need to develop a program like this that you can produce these workers. So if we keep those close ties with business and industry and have those on our advisory committee, then the expertise that they have to tell us this is what you're doing right, this is what you're doing wrong, and this is what you need to change, so we have that direct tie to the business and industry.

We also look at, with this great expansion, we're not producing fast enough. So we've had to compress a number of our programs and make sure that the students can come in on a shorter period of time and get out and get into the workforce.

But one of the problems we've run into is that we know that this energy expansion in our area, it seems to one day move very fast and the next day it slows down. So what we have to be conscious of is not to over-produce, because one of the things that will kill

us is—for instance, we can't train enough welders. We've expanded our welding program about four times. But many or some of the companies that we're contracting with, when it gets time for their students to enter the workforce, the workforce has slowed down and there are no jobs for them. There will be eventually.

So we have to regulate our program, because if we train them and they leave us as an institution of higher learning and there are no jobs, it kills our program. So there are a number of things we have to watch out for.

Chairman VITTER. Go ahead.

Mr. JARREAU. We were talking about SOWELA, and one of the greatest things that I think has happened there in the last couple of years is it used to be they kind of had a program and they taught somebody a skill or what they thought was the skill that they needed, and then they kind of came out and it didn't always match up. I think what Dr. Aspinwall has done that's been amazing is they have actually got machinist supervisors and plans in place to come in and say, okay, you help us develop a program and let us know what you need, and I think that's going to pay big rewards in the end.

Chairman VITTER. Absolutely.

And, Dr. Aspinwall, a related issue that you also mentioned in your testimony, Federal programs—for instance, student loans, Pell Grant—those are really mostly designed for four-year colleges. What are some of the top changes we need to make so that they're more broadly designed for any post-secondary education, including your programs, including union programs or ABC skills training programs, etc.?

Dr. ASPINWALL. Well, you know, the experimental Pell program that was in existence, that's one of those programs that looks at shorter—say, 600-contact-hour programs that allow students to receive Federal financial aid from some of those, because a number of our non-credit compressed programs are maybe six, eight, seven months in length. So if we can have some experimental Pell money and allow these students to access that money, one of the things that has been done in the last year, and we appreciate your help, is the ability to benefit. That option has come back for students who now can use or have access to Federal money.

But it is a big hindrance to a number of our students who, most of them work, trying to get the finances necessary to come and take advantage of these maybe short-term programs to allow them to move into a higher-income bracket.

Chairman VITTER. And I've actually heard of instances where a particular skills training program is artificially lengthened just because of the Federal requirement for students to be able to get that Pell Grant or other financial aid. Well, that's crazy, if they can actually be getting it done more quickly and getting into a job.

Okay. Any closing thoughts or comments from anyone? Then we're going to start wrapping up.

No one?

[No response.]

Chairman VITTER. Well, thanks to all of you for being here today. You really are the meat of our program and the meat of our discus-

sion about energy jobs and taking advantage of those opportunities and how small business is a big part of that.

Everybody, let's give them a round of applause.

[Applause.]

Chairman VITTER. Thank you.

As I said, this record and transcript will be shared with the full committee and others in the Senate. I appreciate you all being part of it.

Let me repeat the apology of Congressman Boustany. He was going to be here today and be a full part of this discussion. Unfortunately, he got trapped out of state by weather and travel back-ups. So he sends his regrets.

Thanks to all of you for coming out.

Also, when I'm stuck in Washington, I do telephone town halls and contact you by phone. I'll continue to do that to benefit from your ideas and comments and questions. So please follow up.

In addition, in the meantime, don't just wait for the next event. Please don't hesitate to contact me and my staff, including here in Lake Charles, with any comments or questions about what we need to be focused on. All of my contact information is on a handout I think you have, blue column on the left, and please use all of that contact information on a regular basis.

With that, we're adjourned.

Thanks very much for being here today.

[Whereupon, at 2:00 p.m., the hearing was adjourned.]

